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DEPARTMENT OF COMMERCE

International Trade Administration

19 CFR Part 351

[Docket No. 140929814-6136-02]

RIN 0625-AB02

Modification of Regulations Regarding Price Adjustments in Antidumping Duty Proceedings

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

ACTION: Final rule.

SUMMARY: The Department of Commerce (the Department) is modifying its regulations pertaining to price adjustments in antidumping duty proceedings. These modifications clarify that the Department does not intend to accept a price adjustment that is made after the time of sale unless the interested party demonstrates, to the satisfaction of the Department, its entitlement to such an adjustment. The Department has further adopted in this final rule a non-exhaustive list of factors that it may consider in determining whether to accept a price adjustment that is made after the time of sale.

DATES: *Effective date:* [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. *Applicability date:* This rule will apply to all proceedings initiated on or after [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Jessica Link at (202) 482-1411, James Ahrens

at (202) 482-3558, or Melissa Skinner at (202) 482-0461.

SUPPLEMENTARY INFORMATION:

Background

Section 731 of the Tariff Act of 1930, as amended (the Act) provides that when a company is selling foreign merchandise into the United States at less than fair value, and material injury or threat of material injury is found by the International Trade Commission, the Department shall impose an antidumping duty. An antidumping duty analysis involves a comparison of the company's sales price in the United States (known as the export price or constructed export price) with the price or cost in the foreign market (known as the normal value). *See* 19 CFR 351.401(a). *See also* section 772 of the Act (defining export price and constructed export price) and section 773 of the Act (defining normal value). The prices used to establish export price, constructed export price, and normal value involve certain adjustments. *See, e.g.,* 19 CFR 351.401(b). In its May 19, 1997 final rulemaking, the Department promulgated regulatory provisions governing the use of price adjustments in the calculation of export price, constructed export price, and normal value in antidumping duty proceedings. *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296 (May 19, 1997) ("1997 *Final Rule*"). In particular, the Department promulgated the current regulation at 19 CFR 351.102(b)(38), which provides a definition of "price adjustment." In providing this definition, the Department stated that "[t]his term is intended to describe a category of changes to a price, such as discounts, rebates and post-sale price adjustments, that affect the net outlay of funds by the purchaser." *1997 Final Rule*, 62 FR at 27300.

The Department also enacted 19 CFR 351.401(c) that explains how the Department will use a price net of price adjustments. In the *1997 Final Rule*, the Department explained that 19

CFR 351.401(c) was intended to “restate[] the Department’s practice with respect to price adjustments, such as discounts and rebates.” *Id.*, 62 FR at 27344.

The Department also addressed the following comment received on the *1997 Final Rule*’s proposed rulemaking, regarding whether “after the fact” price adjustments, that were not contemplated at the time of sale, would be accepted under 19 CFR 351.401(c):

One commenter suggested that, at least for purposes of normal value, the regulations should clarify that the only rebates Commerce will consider are ones that were contemplated at the time of sale. This commenter argued that foreign producers should not be allowed to eliminate dumping margins by providing “rebates” only after the existence of margins becomes apparent.

The Department has not adopted this suggestion at this time. We do not disagree with the proposition that exporters or producers will not be allowed to eliminate dumping margins by providing price adjustments “after the fact.” However, as discussed above, the Department’s treatment of price adjustments in general has been the subject of considerable confusion. In resolving this confusion, we intend to proceed cautiously and incrementally. The regulatory revisions contained in these final rules constitute a first step at clarifying our treatment of price adjustments. We will consider adding other regulatory refinements at a later date.

Id., 62 FR at 27344. Since enacting these regulations, the Department has consistently applied its practice of not granting price adjustments where the terms and conditions were not established and known to the customer at the time of sale (sometimes referred to as determining the “legitimacy” of a price adjustment) because of the potential for manipulation of the dumping margins through so-called “after-the-fact”, or post-sale, adjustments. *See, e.g., Certain Oil Country Tubular Goods From Taiwan: Final Determination of Sales at Less Than Fair Value*, 79 FR 41979 (July 18, 2014) and accompanying Issues and Decision Memorandum, Cmt. 3; *Lightweight Thermal Paper From Germany: Notice of Final Results of the First Antidumping Duty Administrative Review*, 76 FR 22078 (April 20, 2011) (*Lightweight Thermal Paper from Germany*) and accompanying Issues and Decision Memorandum, Cmt. 3; *Canned Pineapple*

Fruit from Thailand: Final Results and Partial Rescission of Antidumping Duty Administrative Review, 71 FR 70948 (Dec. 7, 2006) and accompanying Issues and Decision Memorandum, Cmt. 1; *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews*, 71 FR 40064 (July 14, 2006) and accompanying Issues and Decision Memorandum, Cmt. 19.

On March 25, 2014, the Court of International Trade issued *Papierfabrik August Koehler AG v. United States*, 971 F. Supp. 2d 1246 (Ct. Int'l Trade 2014) (*Koehler AG*), remanding the Department's decision in *Lightweight Thermal Paper from Germany*, noted above. The Court ordered the Department to reconsider Papierfabrik August Koehler AG's rebate program. The Court disagreed with the Department's determination that the regulations permitted it to disregard certain price adjustments, the terms and conditions of which were not established or known to the customer at the time of sale, stating that "the regulations set forth a broad definition of price adjustment encompassing 'any change in the price charged for . . . the foreign like product' that 'are reflected in the purchaser's net outlay.'" 971 F. Supp. 2d at 1251-52 (quoting 19 CFR 351.102(b)(38)) (emphasis added by Court). In accordance with the Court's order, on remand, under protest, the Department granted an adjustment for the rebates at issue. *See Final Results of Redetermination Pursuant to Court Remand, Lightweight Thermal Paper from Germany, Papierfabrik August Koehler AG v. United States*, Court No.11-00147, Slip Op.14-31 (Ct. Int'l Trade March 25, 2014), dated June 20, 2014.

On December 31, 2014, the Department published a proposed modification of its regulations, 19 CFR 351.102(b)(38) and 19 CFR 351.401(c), which concern price adjustments in antidumping duty proceedings. *See Modification of Regulations Regarding Price Adjustments in Antidumping Duty Proceedings*, 79 FR 78742 (December 31, 2014) (*Proposed Rule*). The

Proposed Rule explained the Department’s proposal, in light of the Court of International Trade’s decision in *Koehler AG*, to clarify that the Department generally will not consider a price adjustment that reduces or eliminates dumping margins unless the party claiming such price adjustment demonstrates that the terms and conditions of the adjustment were established and known to the customer at the time of sale.

The Department received numerous comments on the *Proposed Rule* and has addressed these comments below. The *Proposed Rule*, comments received, and this final rule can be accessed using the Federal eRulemaking portal at <http://www.Regulations.gov> under Docket Number ITA–2014–0001. After analyzing and carefully considering all of the comments that the Department received in response to the *Proposed Rule*, the Department has adopted the modification with certain changes, and is amending its regulations accordingly.

Explanation of Regulatory Provision and Final Modification

The Department is modifying two of its regulations relating to price adjustments in antidumping duty proceedings: the definition of the term “price adjustment” in 19 CFR 351.102(b)(38), and the Department’s explanation of its use of prices net of price adjustments in 19 CFR 351.401(c).

In the *Proposed Rule*, the Department proposed minor refinements to the definition of price adjustment in 19 CFR 351.102(b)(38). In this final rule, and in light of a party’s comment, as discussed in further detail below, the Department is modifying 19 CFR 351.102(b)(38) to refine the definition of price adjustment. In particular, we are including language in 19 CFR 351.102(b)(38) to clarify that a price adjustment is not limited to discounts or rebates, but encompasses other adjustments as well.

Prior to the *Proposed Rule*, 19 CFR 351.401(c) provided an explanation of the Department's use of prices net of price adjustment in calculating export price (or constructed exported price) and normal value (where price is used as the basis for normal value). In the *Proposed Rule*, the Department proposed to modify 19 CFR 351.401(c), in light of the Court of International Trade's decision on *Koehler AG*, in two respects. First, in the first sentence of 19 CFR 351.401(c), the Department proposed language indicating that it would *normally* use a price that is net of any price adjustment. Second, the Department proposed to add a second sentence to 19 CFR 351.401(c) that clarified the Department generally would not consider a price adjustment that reduces or eliminates a dumping margin unless the party claiming such price adjustment demonstrates that the terms and conditions of the adjustment were established and known to the customer at the time of sale.

In the final rule, as discussed below, in light of comments received from interested parties, the Department is modifying 19 CFR 351.401(c) to clarify that the Department does not intend to accept a price adjustment that is made after the time of sale unless the interested party demonstrates, to the satisfaction of the Department, its entitlement to such an adjustment. The Department has further provided in this final rule, as discussed in further detail below, a non-exhaustive list of factors which it may consider in determining whether to accept price adjustments that are made after the time of sale, also referred to as "after-the-fact" or "post-sale" adjustments.

Response to Comments on the Proposed Rule

The Department received numerous comments on its *Proposed Rule*. Below is a summary of the comments, grouped by issue category, followed by the Department's response.

1. Whether Any Changes to 19 CFR 351.102(b)(38) and 19 CFR 351.401(c) are Necessary

Several commenters argue that the *Proposed Rule* is the appropriate response to *Koehler AG* and is necessary to maintain the integrity of the Department's proceedings and to prevent the manipulation of dumping margins through "after-the-fact" adjustments. These commenters argue that in *Koehler AG*, the Court improperly found that the plain language of the current regulations precludes the disallowance of any post-sale price adjustments. Without the *Proposed Rule*, these commenters argue that foreign producers and exporters would have every incentive to calculate the U.S. price reduction necessary to eliminate dumping, and then lower their prices accordingly through retroactive rebates to customers in the home or third-country market, thereby reducing or eliminating the dumping margins and undermining the integrity of the Department's proceedings.

One commenter argues that the *Proposed Rule* is unnecessary because the Department has provided no evidence of respondents utilizing manipulative post-sale price adjustments and that existing regulations are sufficient to maintain the integrity of the Department's proceedings because, under 19 CFR 351.401(b)(1), the Department can already deny a price adjustment if it determines that the adjustment is not *bona fide*. This commenter further argues that the *Proposed Rule* unduly burdens respondents operating in industries where many discounts and rebates are agreed to on an *ad hoc* basis without documentation over the course of multiple transactions many months before the Department's proceedings.

Response: The Department finds that the proposed changes will help protect the integrity of our proceedings and are an appropriate response to *Koehler AG*, which hinders the Department's ability to address after-the-fact rebates which present the potential for manipulation of dumping margins. In *Koehler AG* the Court of International Trade held that the Department did not have the discretion under 19 CFR 351.102(b)(38) and 19 CFR 351.401(c) –

as currently written – to address such manipulative after-the-fact rebates. *See* 971 F. Supp. 2d at 1251-52. The *Proposed Rule*, and the further modifications adopted in this final rule, codify the Department’s intent and discretion to prevent certain post-sale price adjustments, like those at issue in *Koehler AG*, and therefore are appropriate to protect the integrity of our proceedings. We believe that these further modifications, discussed below, should address any concerns that the *Proposed Rule* was unduly burdensome and does not account for actual business practices.

2. Whether the Proposed Rule is Consistent with the Statute and U.S. International Obligations

Several commenters state that the *Proposed Rule* is consistent with the Department’s general statutory authority to impose antidumping duties pursuant to section 731 of the Act. One commenter argues that the *Proposed Rule* is inconsistent with section 773(a)(6)(C)(iii) of the Act. This commenter argues that a discount or rebate, regardless of when it is established and known to the customer, is a circumstance of sale which falls within the statute’s instruction that normal value shall be increased or decreased by the amount of any difference between export price (or constructed export price) and normal value established to the Department’s satisfaction to be due to differences in the circumstances of sale. This commenter notes that the statute does not include a requirement that the customer have knowledge of the adjustment prior to the sale.

This same commenter argues that the *Proposed Rule* is inconsistent with Article 2.4 of the Antidumping (AD) Agreement, which provides that due allowance shall be made for differences that affect price comparability, including differences in conditions and terms of sale. This commenter notes the opinion of Dispute Settlement Body (DSB) of the World Trade Organization (WTO) in *United States – Stainless Steel (Korea)* that a condition or term of sale within the meaning of Article 2.4 is a condition or term that reasonably can be anticipated and accounted for at the time of sale. An additional commenter argues that any regulation that would

necessarily disallow an adjustment only if it reduced or eliminated dumping margins could be construed as violating the “fair comparison” requirement of Article 2.4 of the AD Agreement.

Response: The Department disagrees with the commenter’s argument that the Department’s proposed modifications to 19 CFR 351.102(b)(38) and 19 CFR 351.401(c) are inconsistent with the statute. As an initial matter, the commenter argues that these modifications are inconsistent with section 773(a)(6)(C)(iii) of the Act, which states that normal value shall be increased or decreased by the amount of any difference between export price (or constructed export price) and normal value established to the Department’s satisfaction to be due to differences in the circumstances of sale. However, the statutory basis for the price adjustments addressed in 19 CFR 351.102(b)(38) and 19 CFR 351.401(c) is not section 773(a)(6)(C)(iii) of the Act, but rather, is found in sections 772(a) and 773(a)(1)(B)(i), which provide that in determining export price or normal value the Department begins with the price at which the subject merchandise or foreign like product is first sold – in other words, the basic “starting price” provisions. *See 1997 Final Rule*, 62 FR at 27344 (“[The] use of a net price is consistent with the view that discounts, rebates and similar price adjustments are not expenses, but instead are items taken into account to derive the price paid by the purchaser.”) This is confirmed by the Department’s treatment of the price adjustments described in 19 CFR 351.401(c) as something other than a circumstance of sale adjustment. *Compare* 19 CFR 351.401(c) (addressing use of price net of price adjustments) *with* 19 CFR 351.410 (addressing circumstances of sale adjustments which specifically cover direct selling expenses and assumed expenses between the seller and the buyer).

We disagree with the commenter’s contention that the *Proposed Rule* was nevertheless inconsistent with the statute, which requires the Department to make adjustments for differences

which affect price comparability, as well as the Department's obligation under U.S. law to calculate dumping margins as accurately as possible. As several commenters recognized, and as discussed in further detail below, the Department has a longstanding practice of denying certain post-sale price adjustments where there exists a potential for manipulation of the dumping margins, and the courts have affirmed this practice as consistent with the statute. *See Koenig & Bauer-Albert AG v. United States*, 15 F. Supp. 2d 834, 840 (Ct. Int'l Trade 1998) ("Commerce's decision to reject price amendments that present the potential for price manipulation was a permissible interpretation of the statute."); *Mitsubishi Elec. Corp. v. United States*, 700 F. Supp. 538, 555 (Ct. Int'l Trade 1988) ("The ITA has been vested with authority to administer the antidumping laws in accordance with the legislative intent. To this end, the ITA has a certain amount of discretion [to act] . . . with the purpose in mind of preventing the intentional evasion or circumvention of the antidumping duty law."), *aff'd* 898 F.2d 1577 (1990).

The *Proposed Rule*, in proposing certain modifications to 19 CFR 351.102(b)(38) and 19 CFR 351.401(c), was intended to codify the Department's intent to prevent such potentially manipulative post-sale price adjustments. As discussed below, in this final rule the Department has made further modifications to these regulations to clarify that the Department does not intend to accept a price adjustment that is made after the time of sale unless the interested party demonstrates, to the satisfaction of the Department, its entitlement to such an adjustment. These final modifications continue to be consistent with the Department's statutory authority, in setting the "starting price" of normal value or export price, and prevent the potential manipulation of dumping margins through certain post-sale price adjustments.

Finally, the Department disagrees with those commenters that argue that the *Proposed Rule* was inconsistent with the United States' WTO obligations. To the contrary, the Department

finds that the *Proposed Rule* was consistent with U.S. law, which is consistent with our obligations under the AD Agreement. In any case, the relevant language which one commenter objected to with respect to specifically disallowing adjustments which reduce or eliminate dumping margins does not appear in the final rule.

3. Whether the Proposed Rule Is Consistent with the Department's Practice

Several commenters argue that the *Proposed Rule* codifies the Department's longstanding practice of disallowing price adjustments that reduce or eliminate dumping margins where the terms and conditions of the adjustment were not established and known to the customer at the time of sale. Several of these commenters argue that the *Proposed Rule* is consistent with other aspects of the Department's practice based on the principle that the Department's proceedings should be free from outcome-driven manipulation and that dumping margins should reflect the respondent's pricing behavior in the ordinary course of business.

One commenter argues that the *Proposed Rule* in its current form is overly broad and, if adopted, threatens to eliminate certain legitimate post-sale price adjustments that were previously granted by the Department. This commenter argues that the Department's practice has allowed for at least three categories of post-sale price adjustments that the *Proposed Rule* would preclude: 1) price protection adjustments whereby a buyer seeks a price adjustment to sell a commodity downstream when commodity prices are rapidly changing; (2) post-invoice consumer rebates that offer the buyer a rebate at the time it sells the product to an end user, where such rebates often are not fixed at the time of the first sale; and 3) quality-upon-receipt discounts, which are common for perishable goods.

Response: We find that the *Proposed Rule* was intended to codify the Department's intent and discretion to prevent certain post-sale price adjustments. However, in light of certain

comments, we recognize that the proposed modifications to 19 CFR 351.401(c) could have the unintended effect of limiting the Department's discretion to accept certain post-sale price adjustments which the Department has previously accepted. Therefore, as discussed below, we have made further modifications to 19 CFR 351.401(c) to ensure that the Department maintains its intended discretion.

4. Whether the Department Should Implement Any Changes to the Proposed Rule

Several commenters argue that the Department should adopt the *Proposed Rule* in its entirety, as it is an appropriate and necessary codification of the Department's established practice of disallowing certain post-sale price adjustments.

One commenter argues that the Department should clarify that the *Proposed Rule* is not intended to limit the Department's discretion to address post-sale price adjustments other than rebates or discounts, such as billings adjustments. This commenter observes that whereas prior to this modification 19 CFR 351.102(b)(38) listed discounts, rebates, and post-sale price adjustments as examples of changes in price that could qualify as price adjustments, the *Proposed Rule* does not include the term "post-sale price adjustments." This same commenter suggests that the Department consider a set of factors in determining whether to grant a price adjustment normally under its regulations. This commenter suggests that the Department could consider the following: (1) how common such post-sale price adjustments are for the industry; (2) the timing of the adjustment; (3) the number of such adjustments in the proceeding; (4) whether the reported changes reflect both increases and decreases to the originally negotiated prices in the relevant markets; (5) whether there is commercial documentation maintained in the ordinary course of business demonstrating that the price changes were negotiated by the parties and resulted in a change in the purchaser's net outlay and a change in the producer's net

revenues; and (6) any other factors tending to reflect on the legitimacy of the claimed adjustment.

Other commenters argue that the *Proposed Rule* in its current form is inconsistent with normal business practices in many industries investigated by the Department.

One commenter proposes modifying 19 CFR 351.401(c) to allow for a price adjustment if the party seeking the adjustment can demonstrate that the adjustment at issue is within the party's standard business practice that existed prior to the initiation of the proceeding.

Response: With respect to the proposed changes to 19 CFR 351.102(b)(38) in the *Proposed Rule*, these modifications were not intended to foreclose other types of price adjustments, such as billing adjustments and post-sale decreases to home market prices or increases to U.S. prices. Nonetheless, in light of a party's comment, the Department is modifying 19 CFR 351.102(b)(38) to refine the definition of price adjustment and to clarify that a price adjustment is not just limited to discounts or rebates, but encompasses other adjustments as well.

With respect to 19 CFR 351.401(c), in light of concerns that the modifications in the *Proposed Rule* may have the unintended consequence of being overly restrictive and limiting the Department's discretion to accept certain post-sale price adjustments which it has previously accepted, the Department is modifying 19 CFR 351.401(c) to clarify that the Department generally will not accept a price adjustment that is made after the time of sale unless the interested party demonstrates, to the satisfaction of the Department, its entitlement to such an adjustment.

In determining whether a party has demonstrated its entitlement to such an adjustment, the Department may consider: (1) whether the terms and conditions of the adjustment were

established and/or known to the customer at the time of sale, and whether this can be demonstrated through documentation; (2) how common such post-sale price adjustments are for the company and/or industry; (3) the timing of the adjustment; (4) the number of such adjustments in the proceeding; and (5) any other factors tending to reflect on the legitimacy of the claimed adjustment. The Department may consider any one or a combination of these factors in making its determination, which will be made on a case-by-case basis and in light of the evidence and arguments on each record.

As demonstrated above, the Department is expressly referencing in this final rule certain of the factors suggested by one commenter. Other factors which are not expressly adopted here might fall under the last category we identify, *i.e.*, “any other factors tending to reflect on the legitimacy of the claimed adjustment.”

We have not adopted the one commenter’s suggestion, either in the regulation itself, or in this final rule, to accept post-sale price adjustments if a company can demonstrate that the adjustment at issue is part of its standard business practice that existed prior to the initiation of the proceeding. We believe that the list we have identified above provides adequate factors for the Department to consider in determining whether a company has demonstrated its entitlement to an adjustment. We also note that the timing of the adjustment is one of those criteria. However, we believe that allowing a company to simply show that certain adjustments are part of its standard business practice might permit certain adjustments, such as those at issue in *Koehler AG*, that have the potential to manipulate the dumping margins. As discussed above, it is the Department’s intention to codify its discretion to reject those types of adjustments.

5. Effective Date of Final Rule

One commenter agrees with the Department's proposal in the *Proposed Rule* to set the effective date of the final rule to apply to proceedings initiated on or after 30 days following the publication of the final rule. This commenter states that the proposed effective date is appropriate, and that it would be unfair to apply the final rule to shipments that took place prior to publication of the final rule.

Response: The Department agrees that it is appropriate that the final rule be effective for proceedings which are initiated on or after 30 days following the date of publication of the final rule. We note that the final rule will therefore apply to entries of merchandise that took place prior to publication of the final rule. However, we believe this does not result in unfairness as the regulations, both in their current form and in this final rulemaking, merely guide the Department on what adjustments to make to export price or constructed export price and normal value under certain factual scenarios in the course of an antidumping duty proceeding. The final rule therefore impacts the way in which the Department makes certain calculations in antidumping duty proceedings, and no entities would be required to undertake additional compliance measures or expenditures on entries that have already taken place.

Changes from the Proposed Rule

In the final rule, the Department has added further refinements to the definition of price adjustment in 19 CFR 351.102(b)(38) to clarify that a price adjustment is not limited to discounts or rebates, but encompasses other adjustments as well. The Department has also made certain modifications to the new second sentence of 19 CFR 351.401(c) to clarify that the Department does not intend to accept a price adjustment that is made after the time of sale unless the interested party demonstrates, to the satisfaction of the Department, its entitlement to such an adjustment.

Classifications

Executive Order 12866

It has been determined that this rule is not significant for purposes of Executive Order 12866.

Paperwork Reduction Act

This rule contains no new collection of information subject to the Paperwork Reduction Act, 44 U.S.C. Chapter 35.

Executive Order 13132

This rule does not contain policies with federalism implications as that term is defined in section 1(a) of Executive Order 13132, dated August 4, 1999 (64 FR 43255 (August 10, 1999)).

Regulatory Flexibility Act

In accordance with the Regulatory Flexibility Act, 5 U.S.C. 601 et seq., the Chief Counsel for Regulation at the Department of Commerce has certified to the Chief Counsel for Advocacy, Small Business Administration, that this final rule would not have a significant economic impact on a substantial number of small entities. The factual basis for this certification was published with the *Proposed Rule* and is not repeated here. No comments were received regarding the economic impact of this rule. As a result, the conclusion in the certification memorandum for the *Proposed Rule* remains unchanged and a final regulatory flexibility analysis is not required and one has not been prepared.

List of Subjects in 19 CFR Part 351

Administrative practice and procedure, Antidumping, Business and industry, Cheese, Confidential business information, Countervailing duties, Freedom of information,

Investigations, Reporting and recordkeeping requirements.

Dated: March 17, 2016.

Paul Piquado,
Assistant Secretary
for Enforcement and Compliance.

For the reasons stated, 19 CFR Part 351 is amended as follows:

PART 351—ANTIDUMPING AND COUNTERVAILING DUTIES

- 1. The authority citation for 19 CFR part 351 continues to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 1202 note; 19 U.S.C. 1303 note; 19 U.S.C. 1671 *et seq.*; and 19 U.S.C. 3538.

- 2. In § 351.102, revise paragraph (b)(38) to read as follows:

§ 351.102 Definitions.

* * * * *

(b) * * *

(38) *Price adjustment.* “Price adjustment” means a change in the price charged for subject merchandise or the foreign like product, such as a discount, rebate, or other adjustment, including, under certain circumstances, a change that is made after the time of sale (*see* §351.401(c)), that is reflected in the purchaser’s net outlay.

* * * * *

- 3. In § 351.401, revise paragraph (c) to read as follows:

§ 351.401 In general.

* * * * *

(c) *Use of price net of price adjustments.* In calculating export price, constructed export price, and normal value (where normal value is based on price), the Secretary normally will use a price that is net of price adjustments, as defined in § 351.102(b), that are reasonably attributable to the subject merchandise or the foreign like product (whichever is applicable). The Secretary will not accept a price adjustment that is made after the time of sale unless the interested party demonstrates, to the satisfaction of the Secretary, its entitlement to such an adjustment.

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